

Perspectives

FOR ACTIVE
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

SPRING 2004 • VOLUME 27, NUMBER 1

In this issue...

- New Online Services
- Pretax Payroll Deductions
- Who Should You Call?
- FlexComp Plan Reminders
- Tips for Filing Claims
- Smoking Cessation Q & A
- New Deferral Opportunities
- NDPERS Sends Out RFPs
- Confidentiality Law
- Durable Power of Attorney
- 2003 Annual Report



This newsletter is published by
the North Dakota Public
Employees Retirement System
Box 1657, Bismarck, ND 58502
701-328-3900

Toll free: 1-800-803-7377
discovernd.com/ndpers

Board Members:

Jon Strinden
Chairman
Sandi Tabor

Attorney General Appointee

Dr. Terry L. Dwelle
State Health Officer

Members Elected:

Rosey Sand, Howard G. Sage,
David Gunkel, Weldee Baetsch
Sparb Collins
Executive Director
Kathy M. Allen
Editor

PERS Board Election

The term of North Dakota Public Employees Retirement System (NDPERS) Board member David Gunkel expires on June 30, 2004. NDPERS is required to give notification of the vacancy and the election process to all active employees. The Board acts as the administering body to manage the Public Employees Retirement System, Judges Retirement System, Highway Patrol Retirement System, North Dakota National Guard/Law Enforcement Retirement System the Uniform Group Insurance Program, Section 457 Deferred Compensation Plan, Prefunded Retiree Health Program, and the Section 125 FlexComp Program for public employees. In addition, three of the elected members are selected by the board to serve on the State Investment Board.

The Board consists of seven members. The chairman is appointed by the governor. Three members are elected by the active membership, one member is elected by the retired membership, there is an attorney general appointee, and one member is the state health officer. The board meets once a month in Bismarck with the meetings generally lasting four to five hours. Board members are paid \$62.50 per meeting.

Any active employee of a department of the State of North Dakota, or of a political subdivision who participates in NDPERS, may become a candidate for election to the

Board so long as that department or political subdivision is not currently represented on the Retirement

Board by a board member not up for election (NDCC 54-52-03). Members from the Department of Public Instruction and Department of Commerce currently serve on the Board, so employees from those agencies are not eligible to become candidates in the upcoming election.

An eligible individual must obtain the signatures of 100 active NDPERS members to be nominated as a candidate for the vacancy. Nomination petitions are available from the NDPERS office at 400 East Broadway, Suite 505, Bismarck, ND. You may request this information in writing, by phone or through our e-mail address at ndpers@state.nd.us. The deadline to submit petitions is 4:00 p.m., Friday, May 7, 2004. Election ballots will be mailed to active members the week of June 1, 2004. Ballots must be returned no later than the close of business on Friday, June 18, 2004. Election returns will be tabulated on Monday, June 21, 2004.

If you have any questions about the election, please call the NDPERS office at 701-328-3918 or toll free at 1-800-803-7377 if you are outside the Bismarck-Mandan calling area.



SURVEY RESULTS...

How would you prefer to receive your PERSpectives newsletter?

In the last issue of this newsletter, we included a survey providing you with options on how you would prefer to receive your issue. The response rate was very low but the majority of those votes indicated a preference to receive the newsletter at the home address. Therefore, we will continue to distribute the newsletter by mailing as we have done in the past. Thanks to all of you that took the time to respond to our survey.



NDPERS Has New Services Available OnLine

NDPERS is excited to announce that we now have available to our members the ability to access their individual retirement accounts. A member may view their retirement account balance, annual statements, and access the tools needed to compute retirement and disability benefits.

Prior to accessing NDPERS Online Services, you must have a North Dakota Logon ID and an NDPERS Access Code. The North Dakota Logon ID will allow you to access various State of North Dakota online services. The NDPERS Access Code, along with the North Dakota Logon ID, will allow you to access information regarding your NDPERS retirement account.

Registration is a *ONE-TIME PROCESS* to ensure the security and privacy of NDPERS member information. If you already have registered and obtained your NDPERS Access Code along with the North Dakota Logon ID, you do not need to register again.

To register for NDPERS Online Services, please go to www.discovernd.com/ndpers and select "Register for Log on ID" under Online Services. If you need assistance, contact NDPERS at ndpers-info@state.nd.us.

If you are already registered and wish to access your individual retirement account, please go to www.discovernd.com/ndpers and select "Log on" under Online Services. If you have forgotten your Logon ID or Password, just follow the on-screen instructions.

PLEASE BE ON THE LOOK OUT...

In the near future, NDPERS will be mailing out a guide on the NDPERS Online Services.

Pretax Payroll Deductions to be Accepted for Purchase of Service Credit

NDPERS has received a positive letter of determination from the IRS regarding our request to allow individuals purchasing service credit to make monthly payroll deductions on a pre-tax basis. NDPERS is currently in the process of modifying our system and forms to allow this option and hopes to have it ready for implementation on May 1, 2004. The option will automatically be available for all state agency employees who elect to purchase service. Employees of participating political subdivisions will only have this option if their employer elects to sign an employer agreement making this available to their employees.

Due to IRS requirements, individuals who elect to purchase service credit and elect to pay for it through pre-tax monthly payroll deductions will be required to sign an irrevocable purchase agreement. The agreement specifies the terms, which include the requirement that the contract be for an exact period of time and for an exact dollar amount. This monthly payroll deduction can not be changed at anytime

during the contract. It can only be stopped when the contract is paid in full, or due to termination, retirement, disability or death of the member. In addition, supplemental after-tax payments CANNOT be applied to the contract. Also, the individual will be required to make a lump sum payment for the retiree health insurance credit portion of the purchase prior to entering into the pre-tax agreement.

If you currently have an open purchase contract and are interested in changing your payment option to a pre-tax monthly payroll deduction, please contact the NDPERS office.

If you are interested in determining if you are eligible to purchase service credit or in receiving a cost to purchase, please visit the NDPERS website at www.discovernd.com/ndpers. The information regarding purchasing service using pre-tax deductions is accessible through the NDPERS News page. A Request for Purchase Information form, available on our website, must be submitted in order to receive a cost calculation.

Who Should You Call?

The NDPERS office receives hundreds of phone calls each day from our members and fortunately most of the questions can be answered by our staff. However, the following directory will assist you in determining who to call in the following circumstances to ensure you receive prompt service:

- Health insurance claim or coverage questions: BCBS service unit at 1-800-223-1704 or 282-1400 for Fargo area members. The North Dakota Relay Service toll-free number is 1-800-366-6888
- Health ID Card: Same as above
- Dental insurance claim or coverage questions: ING Reliastar Life Insurance Company at (877) 527-6173
- Dental or vision ID cards: contact your payroll office.
- Vision insurance claim or coverage questions: Ameritas Life Insurance Corp at (800) 255-4931
- Status of an application or premium payment: your agency/departament payroll
- Premium rate for a change in coverage level: Same as above.
- Missing pension check: If you do not receive your check by the 10th business day of the month, contact NDPERS at the above number. Please be advised that we cannot take any action until after the specified time period has elapsed.
- Change of address: We cannot take requests for change of address over the phone or by e-mail. Please make your requests in writing to NDPERS, PO Box 1657, Bismarck, ND 58502 or fax the NDPERS office at (701) 328-3920.

FlexComp Plan Reminders (Excludes University System participants)

Over-the-Counter Drugs Can be Reimbursed From Your Medical Spending Account

On September 3, 2003, the Treasury Department and the IRS published Revenue Ruling 2003-102 which states that reimbursements can be made from a medical spending account for drugs purchased without a physician's prescription (over-the-counter). Therefore, this new provision has been incorporated as part of the State of North Dakota FlexComp Plan. Following is a reimbursement guideline as well as the criteria for proper claim substantiation:

Medical Spending Reimbursement Guide

Reimbursable Items

Allergy Medicines
Antacids
Antibiotic Creams
Antidiarrheals
Cold Medicines
Former prescription-only Drugs
Laxatives
Pain Relievers
Smoking Cessation Items
Throat Lozenges

Non-Reimbursable Items

Basic Multiple Vitamins
Cosmetics
Facial Creams
Moisturizers
Suntan Lotion
Toiletries (Including toothpaste and toothbrushes, even if prescribed)



Claim Substantiation

A detailed cash register receipt must be submitted to substantiate your request which will need to include the date of purchase, the name of the item(s) (example, Advil, Immodium, Neosporin, Claritin, etc.) and the price.

Direct Deposit

Effective January 1, 2004, direct deposit of FlexComp reimbursement checks is now available. If selected, direct deposit will apply to all reimbursement accounts specified on your application.

If you are paid through the State of North Dakota PeopleSoft Payroll System, and are currently having your payroll check direct deposited, you are eligible to have your FlexComp reimbursements deposited into the same account. If you did not elect this option when you enrolled for the 2004 plan year, it's not too late. Simply submit a written, signed authorization to the NDPERS FlexComp Coordinator.

If you are **NOT** paid through the State of North Dakota PeopleSoft Payroll System, you must complete form SFN 53852 and submit it to NDPERS.

Claims Processing Changes

Effective January 1, 2004 the flexcomp claims processing software was changed to the PeopleSoft system. The new system uses the Employee ID as the identifier for your record. Both your Social Security number and your employee ID number are required on your reimbursement form. For employees paid through OMB, your Employee ID number can be found on your pay stub or direct deposit advice. Please be sure to include these numbers when filing a claim. Otherwise staff must look it up and the additional step slows down claims processing.

Another change that has occurred with the implementation of the PeopleSoft system is the printing of reimbursement checks. The checks are now printed at ITD instead of in-house at NDPERS. Therefore, there is an extra day of turnaround time if you are having your checks delivered using inside mail or mailed to your home address. To avoid this delay, if you are eligible, you may want to consider the direct deposit option previously described in this article.

FlexComp

Reimbursement Claim Form

The FlexComp Reimbursement Claim form has been redesigned to facilitate the new claims processing procedures for the PeopleSoft system. Please destroy any old forms you may have and begin to use the new form immediately. For your convenience, we have added two versions of the FlexComp reimbursement voucher to our website at www.discovernd.com/ndpers. The Print Version is a printable form to print and fill out and the Fill and Print Version is an interactive online version of the form that allows you to input the information and it will automatically calculate your totals. To access these forms log on to our website then choose FlexComp and Forms.

Tips for Filing Claims

We have transitioned the FlexComp records to Filenet. In order to scan documents into this system, we must comply with certain specifications. To avoid processing delays, we would appreciate your assistance by complying with the following:

- DO NOT use staples or highlighter on your form or receipts.
- Only 8 1/2 by 11 inch size paper can be scanned. Therefore, please copy any receipts/statements smaller than this size and send us the copy. Retain the originals for your records.
- Do not submit two-sided copies.
- Use only blue or black ink for filling out and signing your form.
- Do not write over or make any notations in the bar code section in the upper right corner of the form.

Smoking Cessation Program

Who is eligible?

All current state employees and their dependents age 18 and older who smoke or chew tobacco and want to quit are eligible to participate.

County, city and other members of the NDPERS group are not eligible through this project; however, smoking cessation funds may be available at the local level.

What will be provided?

An initial assessment will determine how ready you are to quit, your smoking or chewing triggers and what type of nicotine replacement therapy, such as patches or gum, and/or prescription medication you may need. If prescription medication is recommended, you will need to visit your doctor.

In addition, individual, group or telephone counseling will be provided. Your program provider will call you on a quarterly basis to monitor your progress the first year after you quit.

How long do the programs take?

Most of the approved programs are eight weeks.

What does it cost?

Grant money will reimburse the smoking cessation provider \$200 after you complete the eight-week program. This covers the initial assessment, counseling and follow-up. Grant money will cover 75 percent of the cost of nicotine replacement therapy, such as patches or gum, and prescription medication. Grant money also will cover 75 percent, but no more than \$50, of the cost of an office visit. You can expect to pay up to \$125 if you use the full \$500 medication allowance plus your portion if you make an office visit.

Your program provider may ask you to pay before you participate and reimburse you when you complete the program. They are not reimbursed by the smoking cessation project if you drop out.

Questions & Answers

When can I start?

You may start anytime during the following participation periods: January 1 to June 30, 2004; July 1 to December 31, 2004; and January 1 to June 30, 2005.

Coverage will be discontinued when the grant money is spent, so it is in your best interest to start as soon as possible.

What if I don't succeed the first time?

You are eligible to start the program once during each six-month period. If you start your program on June 30, for example, and resume smoking after a few months, you still are eligible to participate in the second and third six-month periods.

How do I enroll?

The programs listed in this brochure have been invited to participate. Contact the program nearest you to find out whether they are enrolling clients through this program.

Who do I contact if I have other questions?

Contact BCBSND at 1-800-223-1704 or (701) 282-1400 if calling from the Fargo area or go to www.BCBSND.com/health/ndpersquit.

Program Payment Responsibilities

Description	Grant Payments	Participant Payments	Program Maximums
Counseling	\$200	see below*	\$200*
Medication	75% up to \$375	25% up to \$125	\$500
Physician office visit	75% up to \$50	25% up to \$16.67	\$66.67
Program Maximums	Up to \$625	Up to \$141.67*	Up to \$766.67

*Program providers may charge additional fees for counseling services. Ask your program provider for details prior to enrolling.

New Deferral Opportunities for 457 Plan Participants

The Treasury Department and IRS issued final regulations relating to Section 457 deferred compensation plans. These final regulations, among other things, allow for the deferral of accumulated sick pay, annual leave, and back pay payments that were previously not eligible for deferral under the plan.

The NDPERS Retirement Board approved adopting these regulations for the State Deferred Compensation Plan effective January 1, 2004. If you are a participant and are eligible to receive a lump sum payment for accumulated annual leave, sick leave, or back pay at the time you terminate, you may defer these payments to the deferred comp plan. These deferrals are treated as part of your annual deferrals, and are subject to the annual limits in effect for the year in which the deferrals are made (\$13,000 in 2004). You must elect to defer sick, annual leave, and back pay payments while actively employed and in the month prior to the month you terminate by completing PERS form SFN 3803. The regulations do not allow deferrals for severance pay or bonuses. You may not begin to receive distributions from a deferred compensation account until you have been off the payroll of a covered employer for one month.

NDPERS Sends Out Requests for Proposals for Consulting, Recordkeeping and Investment Services

NDPERS sent out Requests for Proposals as part of its due diligence to insure the best value and services for the following plans:

Deferred Compensation and Defined Contribution Plans

Provider services for the 457 Deferred Compensation Companion Plan and the 401(a) Defined Contribution Plan were put out to bid in December of 2003. The current providers are VALIC and Fidelity, respectively. Bids were due January 15, 2004. Deloitte and Touche, the consultant retained to assist us with this process, provided the Board with the analysis and its recommendations at the January and February meetings. Four companies were

invited to meet with the Board for interviews in March:

- Amvescap
- CitiStreet
- Fidelity
- VALIC

The Board will award the contract for services in March.

Uniform Group Insurance Plans

Consulting services for the Uniform Group Insurance Plans were sent out in January, 2004. The current consultant is Deloitte & Touche. Bids were due February 23, 2004. The PERS Board will award the contract for services by April 1, 2004.

Defined Benefit Hybrid and 401(a) Defined Contribution plan, 457 Deferred Compensation Plan, and Retiree Health Insurance Credit Program

Consulting services for the above plans were sent out in December, 2003. The current consultant for these plans is The Segal Company. Bids were due January 14, 2004. The PERS Board reviewed the RFP responses at its February 19 meeting. The following companies were invited to meet with the Board in March for interviews:

- Gabriel, Roeder, Smith & Company (GRS)
- Mellon
- The Segal Company

The Board will award the contract for services by April 1, 2004.

Confidentiality Law

We frequently receive phone calls from the spouses of members requesting information about a retirement benefit, health insurance coverage or premium information, flexcomp claim status, etc. NDPERS strives to accommodate requests for information; however, according to state law, all records of a member or beneficiary of NDPERS are confidential and not public records. Information and records may only be disclosed under the following circumstances to:

- A person to whom a member/beneficiary has given written consent.
- A person legally representing the member/beneficiary upon proper proof of representation, unless member/beneficiary withholds consent.
- A person authorized by court order.
- Member's spouse or former spouse, that individual's legal representative, and the judge presiding over the member's dissolution of marriage proceedings for the purposes of drafting a Qualified Domestic Relations Order.
- A member's participating employer's authorized agent, under limited circumstances.

Continued on page 6

Durable Power of Attorney

Everyone, regardless of age, faces the possibility of being incapacitated. Planning for this possibility is very important to you and your family if you should become unable to handle your own affairs.

A good step in planning is to have a current Durable Power of Attorney on file with NDPERS since the laws regarding Power of Attorney change from time to time. NDPERS has Durable Power of Attorney forms available for you to use. The form has two distinguishing features:

- It allows a NDPERS member or his/her beneficiary to designate an attorney-in-fact to handle retirement system affairs such as filing applications, making benefit elections, designating beneficiaries, and endorsing checks; and
- It contains a durable clause which allows the attorney-in-fact to work on retirement system matters on the member's behalf in the event the member becomes incapacitated, disabled, or is unavailable.

A Power of Attorney that does not have a durable clause terminates upon

a member's incapacity, and as a result of that termination, it may be necessary for NDPERS to withhold the member's NDPERS benefits until a conservator is appointed by the courts.

While it is preferred that members use NDPERS' Durable Power of Attorney, because it contains a durable clause, NDPERS will also accept a General Power of Attorney without a durable clause. A General Power of Attorney or NDPERS' Durable Power of Attorney may be used for address changes, withholding tax elections, setting up direct deposit, or requesting information regarding benefit payments. However, NDPERS will only accept beneficiary designations or retirement option elections from representatives authorized to act under a Durable Power of Attorney.

Having a Durable Power of Attorney on file at NDPERS assures that NDPERS will be able to handle your retirement benefits without interruption, and in accordance with your wishes, should you become unable to handle your own affairs.

Confidentiality *Continued from page 5*

- A member's designated beneficiaries after the member's death. Information relating to beneficiaries may be disclosed to other beneficiaries of the same member.
- The general public, but only after the board has been unable to locate the member for a period in excess of two (2) years, and limited to the member's name and the fact that NDPERS has been unable to locate the member.
- Any person if the NDPERS board determines disclosure is necessary for treatment, operational, or payment purposes,

including the completion of necessary documents.

A penalty for disclosure of confidential information is a Class C felony which includes a five-(5) year prison term and a \$5,000 fine (N.D.C.C. 12.1-13-01).

If you wish us to disclose information about your records to another individual or entity, you must provide us with a written authorization. The authorization must be dated, include your social security number, and identify each program to which the order will apply.

Remember to visit and browse our website at

discovernd.com/ndpers

for information about NDPERS and its programs and operations.

The articles and opinions in this publication are for general information only and are not intended to provide specific advice or recommendations for any individual. We suggest that you consult your attorney, accountant, financial or tax advisor with regard to your individual situation. This newsletter is available in alternate formats upon request. Printed on recycled paper.

2003 Comprehensive Annual Financial Report

NDPERS prepares a Comprehensive Annual Financial Report as of June 30 of each year. This report contains detailed financial, investment, actuarial and statistical information for the plans administered by NDPERS. You can view, download or print the report from the NDPERS website at www.discovernd.com/ndpers by selecting 'About NDPERS' under the General Information heading. You may also request a copy of the report by sending an email to khumann@state.nd.us or by calling the PERS office. If you have any questions on the report, contact Sharon Schiermeister.